

Cost of Home Federal Policy Agenda

November 2020

Introduction

Habitat for Humanity seeks a world in which everyone has a decent place to live. But too many in the United States still struggle to afford the cost of home. Across the country, in rural, suburban and urban communities, millions of households are weighed down by heavy housing cost burdens. One in 7 households — more than 17 million — pay half or more of their income on housing. And too many of us face barriers to becoming homeowners.

These challenges have become more vivid and urgent with the onset of the COVID-19 pandemic and its economic fallout. Millions of renters and homeowners are now at risk of losing their homes. Many face the daunting task of getting caught up on rent or mortgage payments to stave off eviction or foreclosure.

With our hammers, Habitat continues to build a growing number of affordable homeownership opportunities for families of all backgrounds. But to fully solve our country's housing challenges, and to meet the tremendous need, we need bold new policy solutions.

In 2019, we launched the Cost of Home national advocacy campaign to advance policy solutions that will improve housing affordability for 10 million people in the U.S. in 5 years. Through local, state and federal advocacy, Habitat affiliates are working in more than 300 communities across the nation to advance solutions that address affordability needs at scale.

Guided by our [Cost of Home Policy Platform](#), the following **Federal Policy Agenda** highlights 10 high-impact, federal policy solutions that significantly increase affordability across the housing spectrum and help ensure no one is left behind as we rebuild from the COVID-19 pandemic. These solutions also help us begin to remedy the well-documented historic patterns of racial discrimination in housing and land use policies — at all levels of government — that still impact the makeup and opportunities of our communities.

Recognizing that no single policy can solve our nation's housing challenges, our federal policy priorities are organized into four categories of needed solutions:



Supply and preservation



Access to credit



Land use



Communities of opportunity

Addressing challenges in each of these focus areas, the Cost of Home Federal Policy Agenda shines a spotlight on policy solutions that:

- increase the affordability of both homeownership and rental housing;
- lower the cost of homebuilding and land use regulations;
- expand public investment to meet the affordability and credit needs that the market cannot address on its own;
- allow every community to participate in economic recovery;
- connect more families to opportunities for economic mobility; and
- help close our nation's [racial disparities in housing](#).

Top policy priorities

Habitat strongly supports efforts to advance the following policy solutions:

- 1. Lower the down payment barrier to ensure everyone has a fair chance at becoming a homeowner.** Many Americans are ready for homeownership but lack the deep savings or family wealth needed to assemble the down payment for an affordable home. This prevents credit-worthy households of all backgrounds from building a better life for themselves and their families, especially Black households. Following decades of racially discriminatory policies that excluded Black Americans from homeownership opportunities and access to appreciating neighborhoods, Black families today have one-tenth the net wealth of white families (\$17,600 vs. \$171,000). Unable to draw on family wealth through inheritance or gifts for a down payment, too many Black Americans remain at a significant disadvantage in the homebuying market. The pandemic deepened this challenge by depleting the savings of Latino and Black workers disproportionately impacted by job cutbacks.

We need solutions that give *all of us* a fair chance to purchase a home, generate wealth and secure our families' future. Promising approaches include: 1) an advanceable tax credit for low-wealth, first-time homebuyers; 2) expanding down payment assistance in places where existing programs are insufficiently resourced to meaningfully reduce barriers to affordable homeownership for all renters, including homebuyers of color; 3) scaling up successful savings programs like Assets for Independence and the Family Self-Sufficiency initiative; and 4) new, low-down-payment mortgage options that build on the success and lessons of Habitat for Humanity's homeownership model.

- 2. Spark economic recovery through housing investments that enable everyone to prosper.** Too many of our communities have been left behind, including formerly-redlined neighborhoods, towns devastated by deindustrialization and other places experiencing high poverty. The COVID-19 pandemic has broadened and exacerbated this economic distress. Abandoned and deteriorating homes deepen and accelerate a downward spiral in these communities. We need new tools to revitalize the housing stock in distressed and changing communities in ways that leave no one behind. We call on Congress to: 1) adopt the Neighborhood Homes Investment Act tax incentive to unlock the housing market in communities with low home values and enable the private sector to rehabilitate homes for modestly priced homeownership; and 2) launch a major new initiative to repurpose vacant, dilapidated and foreclosed properties for affordable homeownership and affordable rental housing in disinvested neighborhoods and gentrifying communities.
- 3. Significantly expand the availability of Housing Choice Vouchers to promote housing stability and economic mobility for low-income families.** Housing vouchers are a highly efficient strategy for increasing housing affordability for very low-income households. But demand for vouchers far outstrips supply. A first step toward addressing unmet need is passing the Family Stability and Opportunity Vouchers Act. This legislation would create 500,000 housing vouchers coupled with mobility services to help very low-income families access affordable homes in neighborhoods with opportunities to move up the economic ladder. HUD should also find ways to enable more families to use their vouchers for homeownership—especially in markets where it is less expensive to own than to rent—without undercutting overall voucher availability.
- 4. Strengthen the HOME program through robust federal funding and program improvements.** The HOME program is a powerful and flexible resource for building affordable rental homes and homeownership options in a wide range of communities. It should be strengthened through expanded funding, reauthorization, and regulatory changes to improve its availability and workability for affordable homeownership.
- 5. Create federal incentives for states and local governments to improve zoning and reduce the cost of home in a diversity of neighborhoods.** Habitat supports using supplemental grants for transportation, infrastructure, parks and schools to spur competition among localities and states to lower the cost of building housing and reduce segregation through zoning and other regulatory reforms. Designed well, these incentives can reinforce existing fair housing law while enabling localities to devise locally customized solutions.

Supporting policy priorities

Additionally, Habitat will track and endorse other bipartisan efforts aligned with the Cost of Home Policy Platform, including efforts to:

- **Expand the Low-Income Housing Tax Credit to build and preserve more high-quality, affordable rental properties.** We support existing proposals to increase the availability of these credits by 50% to 100%.
- **Strengthen the Fair Housing Act to broaden opportunities for economic mobility.** This includes reviving the expectations that localities identify steps for reducing segregation and fostering a fairer housing market.
- **Make credit scoring more inclusive to enable “credit invisible” households to demonstrate their credit worthiness.** This is critical for advancing the economic mobility of renters and homebuyers alike.
- **Expand and consolidate resources for energy efficiency, hazard remediation, critical repairs and improvements to enable aging in place.**
- **Increase resources for the Community Development Financial Institutions (CDFI) Fund.** CDFIs play a crucial role in expanding the availability of safe, low-interest loans for underserved, low-income households and communities.

Relationship of the Cost of Home campaign to other Habitat priorities

In addition to supporting the federal policy priorities of the Cost of Home campaign, Habitat will continue its advocacy for the policy priorities highlighted in the [overall HFHI U.S. Federal Policy Agenda](#).



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